

AMOREPACIFIC GROUP

2013 1Q Earnings Release

AMOREPACIFIC GROUP IR

'13. 05. 08

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As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organizational structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

AMOREPACIFIC Group has adopted the K-IFRS since 2011.

1. Earnings Summary

Sales up 10.6% to KRW 980.2bn, OP down 4.3% to KRW 1,737bn

- Robust sales growth driven by the strong performance of cosmetics subsidiaries and accelerated overseas business expansion
- Decrease in operating profits due to increased competition and the trading-down trend

Sales and Profits

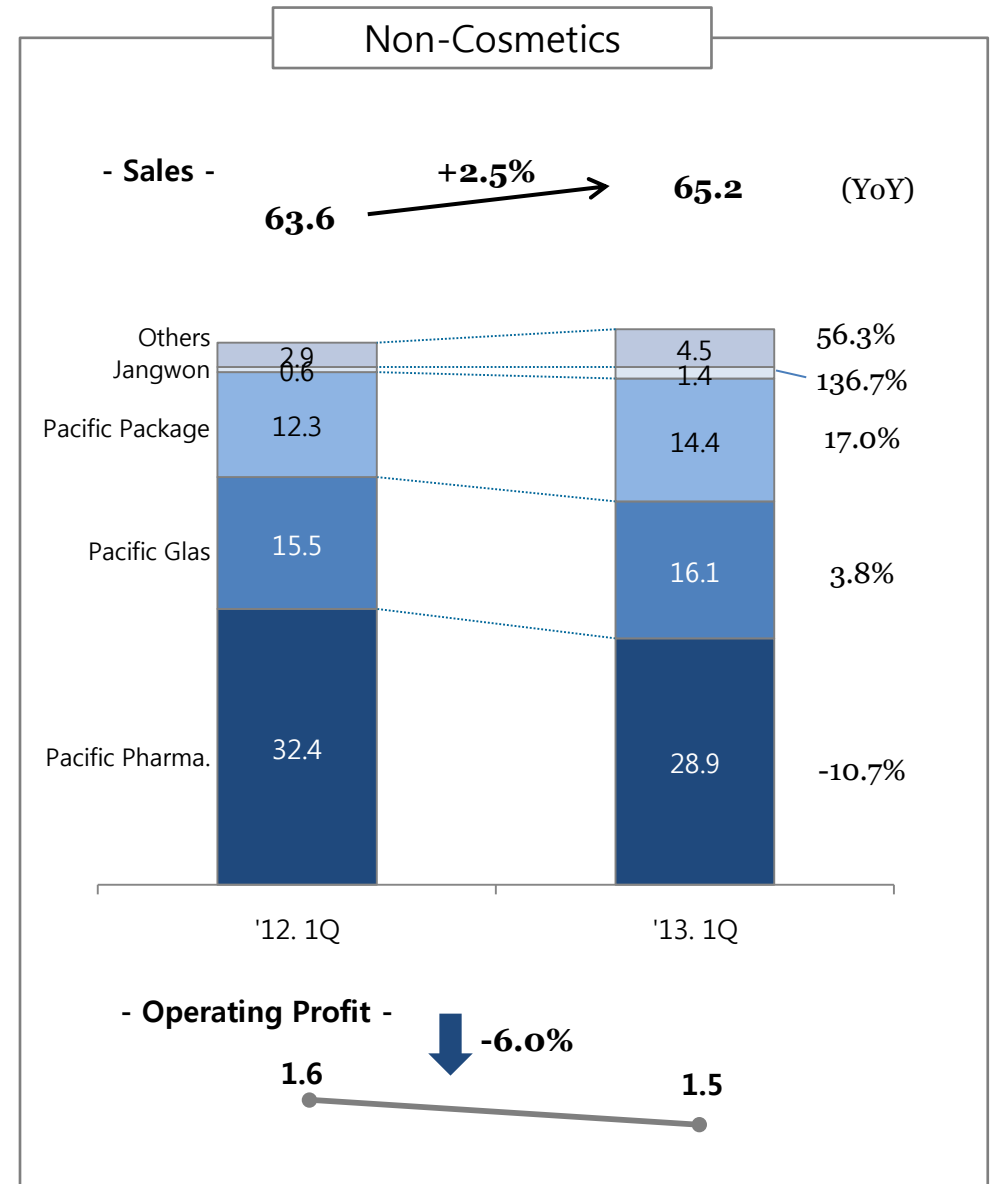
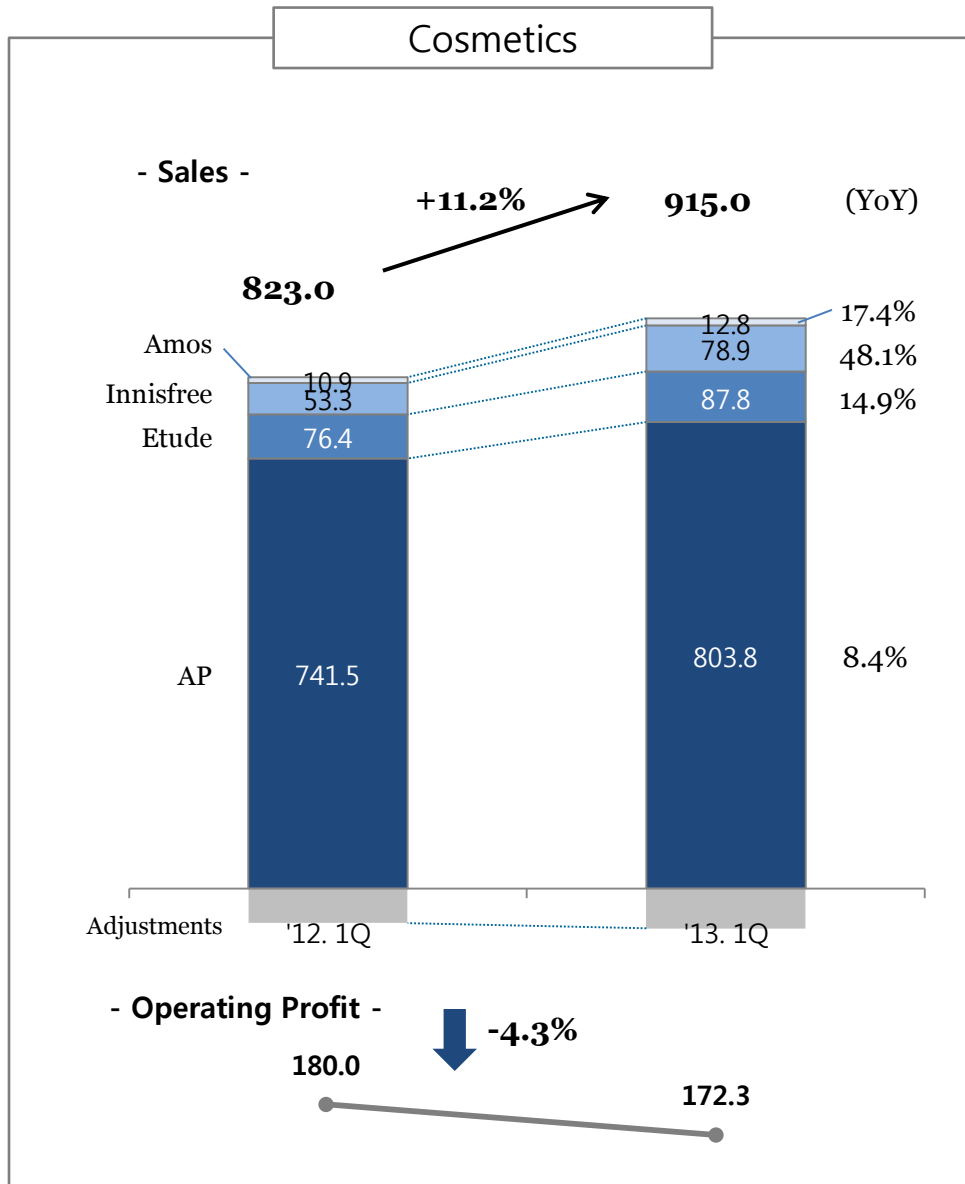
[KRW bn]

	2012 1Q	(%)	2013 1Q	(%)	YoY (%)
Sales	886.6	100.0%	980.2	100.0%	10.6%
Cosmetics*	823.0	92.8%	915.0	93.3%	11.2%
Non-Cosmetics	63.6	7.2%	65.2	6.7%	2.5%
Operating Profit	181.6	20.5%	173.7	17.7%	-4.3%
Cosmetics	180.0	21.9%	172.3	18.8%	-4.3%
Non-Cosmetics	1.6	2.5%	1.5	2.3%	-6.0%
Consolidated Net Profit	142.4	16.1%	117.0	11.9%	-17.8%

* Intercompany transaction is included in Cosmetics subsidiaries

2. Earning by Subsidiary (1/3)

[KRW bn / %YoY]



2. Earnings by Subsidiary_Cosmetics (2/3)

[KRW bn]	AMOREPACIFIC _Consolidated		Etude	
	'12.1Q	'13.1Q	'12.1Q	'13.1Q
Sales	741.5	803.8	76.4	87.8
GP	528.8	569.3	44.4	50.4
SG&A	378.2	429.1	32.5	39.2
OP	150.6	140.2	11.9	11.2

[KRW bn]	Innisfree		AMOS Professional	
	'12.1Q	'13.1Q	'12.1Q	'13.1Q
Sales	53.3	78.9	10.9	12.8
GP	38.4	55.6	5.9	7.0
SG&A	26.3	38.7	2.7	3.2
OP	12.1	16.9	3.3	3.8

[AMOREPACIFIC] Sales +8%, OP -7%

Domestic Cosmetics

- Strong growth in the specialty store, duty free and online channels. Increased market share in the local department stores
- Decrease in profits due to slowdown in high margin channels (door to door) and increased investment in advertising

Overseas Cosmetics

- All overseas markets achieved high growth excluding France (+37% YoY)
- Decrease in profits due to aggressive investment in ASEAN and Japan

Mass & Sulloc

- Increased market share in main categories through increased launches of premium products and new products in functional lines
- Decrease in profits for Sulloc business increased investments in Tea House store expansions and promotional activities

[Etude] Sales +15%, OP -6%

- Increase in new customers/sales per customer due to continued launches of hit products(Dear darling tint/Wonder Pore) and new lip/make-up products (Jelly Lips Talk/Choux Base)
- Continued store expansion in both domestic and overseas markets (domestic +44, Japan +8, Hong Kong +1)
- Decrease in operating profit due to increase in advertising & promotions caused by intensified competition and also continued investments in overseas expansion (Singapore, Hong Kong, Japan)

[Innisfree] Sales +48%, OP +39%

- Increase in number of new customers and achieved growth in all channels due to strong sales of main products(Green Tea Serum/Wrinkle Spot Essence) and men's line (Forrest)
- Continued store expansion (domestic +48, China +5)

[AMOS Professional] Sales +17%, OP +15%

- Increased market share (30.9% → 40.6%) and point of sales due to strong growth in all categories(dye, perm, tonic) and hit products (Green Tea Shampoo, curling essence)
- Maintained market leadership through continued launch of new products

2. Earnings by Subsidiary_Non Cosmetics (3/3)

[KRW bn]	Pacific Pharma.		Pacific Glas	
	'12.1Q	'13.1Q	'12.1Q	'13.1Q
Sales	32.4	28.9	15.5	16.1
GP	12.6	11.1	0.7	1.5
SG&A	11.8	11.8	1.3	1.3
OP	0.8	(0.6)	(0.6)	0.2

[Pacific Pharma.] Sales -11%, Operating Loss

- Slowdown in sales due to price decreased of botulinum toxin and decrease in orders for functional foods
- Increased point of sales for cosmeceutical brand ('Aestura') by implementing a new shop-in-shop business model
- Minimized the effect of drug price reductions in Pharmaceutical business by increasing number of accounts
- Increase in depreciation costs as the new plant began operations

[Pacific Glas] Sales +4%, Operating Profit

- Increased new consumers in overseas markets such as Europe and Saudi Arabia and also increased domestic sales
- Increased profitability by enhancing production efficiency

[KRW bn]	Pacific Package		Jangwon Industry	
	'12.1Q	'13.1Q	'12.1Q	'13.1Q
Sales	12.3	14.4	0.6	1.4
GP	2.1	2.3	0.2	0.4
SG&A	0.9	1.1	0.4	0.4
OP	1.2	1.2	(0.2)	0

[Pacific Package] Sales +17%, OP -1%

- Strong growth driven by increase in orders
- Slight decrease in profits due to reduction in product prices

[Jangwon Industry] Sales +137%, decreased operating losses

- Strong growth driven by increase in green tea exports and continued growth of new business (ginseng)
- Decrease in operating losses due to strong top line growth and implementation of various cost reduction initiatives

3. Financial Summary

Income Statement

[KRW bn]	2012 1Q		2013 1Q	
Sales	886.6	100.0%	980.2	100.0%
Gross Profit	633.9	71.5%	696.8	71.1%
SG&A expenses	452.3	51.0%	523.0	53.4%
Operating profit¹⁾	181.6	20.5%	173.7	17.7%
Non-operating ²⁾ Profit/Expenses	11.5		-10.1	
Profit before tax	193.1	21.8%	163.6	16.7%
Consolidated Net Income	142.4	16.1%	117.0	11.9%

Statements of Financial Position

[KRW bn]	2012. 12	2013.03
Assets	4,516.0	4,516.5
Current assets	1,378.6	1,379.6
Non-current assets	3,137.3	3,136.8
Liabilities	881.7	881.7
Current liabilities	528.7	527.7
Non-current liabilities	353.0	354.0
Shareholder's Equity	3,634.2	3,687.8
Capital stock	44.5	44.5
Additional paid-in capital	673.1	673.0
Capital surplus	7.4	22.2
Other components of equity	-134.5	-130.7
Accumulated other comprehensive income	-2.5	-0.9
Retained earnings	1,389.9	1,422.8
Non-controlling interest	1,656.3	1,657.0

1) 2012 numbers adjusted to reflect the change of K-IFRS 1019, 'Employee Benefits'

2) Tangible assets loss on impairment of around KRW 14.7bn